

Cape Agulhas

MUNICIPALITY

[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2011

CAPE AGULHAS LOCAL MUNICIPALITY

Index

Contents	Page
General Information	1
Approval of the Financial Statements	2
Report of the Auditor General	
Statement of Financial Position	3
Statement of Financial Performance	4
Statement of Changes In Net Assets	5
Cash Flow Statement	6
Accounting Policies	7 - 32
Notes to the Financial Statements	33 - 64

APPENDICES - Unaudited

A	Schedule of External Loans	65
B	Analysis of Property, Plant and Equipment	66
C	Segmental Analysis of Property, Plant and Equipment	67
D	Segmental Statement of Financial Performance - Municipal Votes	68
E (1)	Actual Versus Budget (Revenue and Expenditure)	69
E (2)	Actual Versus Budget (Acquisition of Property, Plant and Equipment)	70
F	Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	71

CAPE AGULHAS LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

GENERAL INFORMATION

NATURE OF BUSINESS

Cape Agulhas Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Cape Agulhas Municipality includes the following areas:

*Bredasdorp
Napier
Struisbaai
L'Agulhas
Arniston
Suiderstrand
Protem
Klipdale*

MEMBERS OF THE COUNCIL

Executive Mayor	<i>RG Mitchell</i>
Executive Deputy Mayor	<i>D Jantjies</i>
Speaker	<i>E C Marthinus (Ms)</i>
Councillor - Full time	<i>M R Mokotwana</i>
Councillor - Part time	<i>P N Atyhosi (Miss)</i>
Councillor - Part time	<i>J G A Niewoudt</i>
Councillor - Part time	<i>G D Burger</i>
Councillor - Part time	<i>JA Coetzee</i>
Councillor - Part time	<i>W J October</i>

MUNICIPAL MANAGER

Mr R Stevens

CHIEF FINANCIAL OFFICER

Mr H Schlebusch

REGISTERED OFFICE

PO Box 51, Bredasdorp, 7280

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

ABSA, Bredasdorp

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

ATTORNEYS

Luttig & Son

CAPE AGULHAS LOCAL MUNICIPALITY

MEMBERS OF THE CAPE AGULHAS LOCAL MUNICIPALITY

WARD	COUNCILLOR
1	Mr W J October
2	Mr D Jantjies (Executive Deputy Mayor)
3	Mr RG Mitchell (Executive Mayor)
4	Mr JGA Niewoudt
5	Mr GD Burger
Proportional	Mr MR Mokotwana (Member of Executive Mayor Committee)
Proportional	Mrs EC Marthinus (Speaker)
Proportional	Mr JA Coetzee
Proportional	Miss PN Atyhosi

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 69 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

Mr R Stevens
Municipal Manager

Date

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011

	Notes	2011 R	2010 R
NET ASSETS AND LIABILITIES			
Net Assets		248 079 120	251 382 595
Capital Replacement Reserve	2	31 000 000	55 000 000
Housing Development fund	2	1 337 286	1 337 286
Valuation Roll Reserve	2	1 000 000	500 000
Accumulated Surplus		214 741 834	194 545 309
Non-Current Liabilities		26 284 188	22 037 743
Long term Liabilities	3	841 640	1 316 619
Employee benefits	4	22 861 063	18 295 478
Non-Current Provisions	5	2 581 485	2 425 646
Current Liabilities		17 753 540	27 830 801
Consumer Deposits	6	2 880 273	2 636 950
Current Employee benefits	7	4 318 738	3 569 758
Provisions	8	282 920	265 841
Payables from exchange transactions	9	7 709 189	8 357 577
Unspent Conditional Government Grants and Receipts	10	1 768 346	11 160 799
Unspent Public Contributions	11	-	5 000
Taxes	12	319 138	855 741
Current Portion of Long-term Liabilities	3	474 937	979 134
Total Net Assets and Liabilities		292 116 848	301 251 139
ASSETS			
Non-Current Assets		245 156 074	223 847 878
Property, Plant and Equipment	13	207 573 707	186 235 483
Investment Property	14	35 820 473	35 822 083
Intangible Assets	15	99 347	36 094
Capitalised Restoration cost	16	1 249 084	1 302 563
Long-Term Receivables	17	413 464	451 655
Current Assets		46 960 774	77 403 260
Inventory	18	874 147	1 221 326
Receivables from exchange transactions	19	8 161 881	5 344 621
Receivables from non-exchange transactions	20	1 194 031	1 320 809
Unpaid Conditional Government Grants and Receipts	10	3 336 380	1 786 213
Operating Lease Asset	21.1	5 708	16 702
Current Portion of Long-term Receivables	17	5 652	5 380
Cash and Cash Equivalents	22	33 382 975	67 708 209
Total Assets		292 116 848	301 251 139

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 (Actual) R	2010 (Restated) R	Adjustments R	2010 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		71 915 365	71 015 646	1 201 300	69 814 346
Taxation Revenue		28 469 515	26 316 236	-	26 316 236
Property taxes	23	28 469 515	26 316 236	-	26 316 236
Transfer Revenue		42 790 239	42 979 085	-	42 979 085
Government Grants and Subsidies - Capital	24	7 965 368	6 100 297	-	6 100 297
Government Grants and Subsidies - Operating	24	34 769 870	35 658 788	-	35 658 788
Public Contributions and Donations		55 000	1 220 000	-	1 220 000
Other Revenue		655 611	1 720 325	1 201 300	519 025
Actuarial Gains		-	1 201 300	1 201 300	-
Fines		655 611	519 025	-	519 025
Revenue from Exchange Transactions		84 405 807	76 536 604	(184 962)	76 721 566
Property Rates - penalties imposed and collection charges		-	-	-	-
Service Charges	25	70 935 693	62 667 062	-	62 667 062
Rental of Facilities and Equipment		4 618 119	4 356 047	(184 962)	4 541 010
Interest Earned - external investments		3 289 750	5 032 534	-	5 032 534
Interest Earned - outstanding debtors		449 964	508 609	-	508 609
Licences and Permits		1 153 899	965 182	-	965 182
Agency Services		1 029 039	961 735	-	961 735
Other Income	26	2 206 055	2 045 434	-	2 045 434
Reversal of provision for bad debts	30	723 288	-	-	-
Total Revenue		156 321 171	147 552 250	1 016 338	146 535 912
EXPENDITURE					
Employee related costs	28	57 887 196	49 504 851	1 039 352	48 465 500
Remuneration of Councillors	29	2 857 127	2 776 078	-	2 776 078
Debt Impairment	30	-	2 703 990	-	2 703 990
Depreciation and Amortisation		4 976 723	4 170 164	(1 423 951)	5 594 115
Impairments	32	26 108	8 032	8 032	-
Repairs and Maintenance		16 898 898	7 326 328	-	7 326 328
Actuarial losses		2 616 864	83 934	83 934	-
Finance Charges	33	448 285	589 268	130 505	458 763
Bulk Purchases	34	34 471 609	24 946 170	(1 609)	24 947 778
Contracted services		899 776	658 722	-	658 722
Operating Grant Expenditure		11 498 997	23 813 163	-	23 813 163
General Expenses	35	26 628 014	22 448 874	-	22 448 874
Loss on disposal of PPE		415 051	298 755	-	298 755
Total Expenditure		159 624 646	139 328 329	(163 737)	139 492 066
NET SURPLUS/(DEFICIT) FOR THE YEAR		(3 303 475)	8 223 921	1 180 076	7 043 846

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2011

	Valuation Roll Reserve	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus	Total
	R	R	R	R	R
Balance at 1 JULY 2009	-	1 337 286	60 000 000	173 327 297	234 664 583
Correction of error - Refer to note 36.09	-	-	-	8 494 090	8 494 090
Restated Balance at 1 JULY 2009	-	1 337 286	60 000 000	181 821 388	243 158 673
Net Surplus for the year	-	-	-	8 223 921	8 223 921
Transfer to CRR	-	-	11 226 001	(11 226 001)	-
Property, Plant and Equipment purchased	-	-	(16 226 001)	16 226 001	-
Transfer to Valuation Roll Reserve	500 000	-	-	(500 000)	-
Restated Balance at 1 JULY 2010	500 000	1 337 286	55 000 000	194 545 309	251 382 595
Net Deficit for the year	-	-	-	(3 303 475)	(3 303 475)
Transfer from CRR	-	-	(24 000 000)	24 000 000	-
Transfer to Valuation Roll Reserve	500 000	-	-	(500 000)	-
Balance at 30 JUNE 2011	1 000 000	1 337 286	31 000 000	214 741 834	248 079 120

CAPE AGULHAS LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 R	2010 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		107 404 539	99 364 091
Government		31 792 619	45 608 238
Interest		3 739 714	5 541 143
Payments			
Suppliers and employees		(149 351 615)	(128 413 494)
Finance charges	33	(448 285)	(589 268)
Cash generated by operations	38	<u>(6 863 029)</u>	<u>21 510 710</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	13	(26 857 552)	(22 788 154)
Proceeds on Disposal of Fixed Assets		172 278	-
Increase in investment property (Public contribution)		-	(900 000)
Decrease in Long-term Receivables		37 919	122 220
Purchase of Intangible Assets		(78 996)	(39 900)
Net Cash from Investing Activities		<u>(26 726 351)</u>	<u>(23 605 834)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(979 179)	(1 244 434)
Increase in Consumer Deposits		243 323	246 002
Net Cash absorbed from Financing Activities		<u>(735 856)</u>	<u>(998 432)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(34 325 236)</u>	<u>(3 093 555)</u>
Cash and Cash Equivalents at the beginning of the year		67 708 209	70 801 765
Cash and Cash Equivalents at the end of the year	39	<u>33 382 975</u>	<u>67 708 209</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(34 325 236)</u>	<u>(3 093 555)</u>

INSERT ACCOUNTING POLICY

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
2 NET ASSET RESERVES		
RESERVES	33 337 286	56 837 286
Capital Replacement Reserve	31 000 000	55 000 000
Housing Development fund	1 337 286	1 337 286
Valuation Roll Reserve	1 000 000	500 000
Total Net Asset Reserve and Liabilities	33 337 286	56 837 286
3 LONG TERM LIABILITIES		
Annuity Loans - At amortised cost	1 000 691	1 390 969
Capitalised Lease Liability - At amortised cost	315 885	904 785
	1 316 576	2 295 754
Less: Current Portion transferred to Current Liabilities	474 937	979 134
Annuity Loans - At amortised cost	182 029	390 235
Capitalised Lease Liability - At amortised cost	292 908	588 900
Total Long-term Liabilities - At amortised cost using the effective interest rate method	841 640	1 316 619
Annuity loans at amortised cost is calculated at 15.00%-17.13% interest rate, with first maturity date of 30 June 2012 and last maturity date of 30 June 2017.		
The obligations under annuity loans are scheduled below		
	Minimum annuity payments	
Amounts payable under annuity loans:		
Payable within one year	327 250	585 774
Payable within two to five years	954 829	1 042 587
Payable after five years	238 138	476 871
	1 520 218	2 105 232
Less: Future finance obligations	(519 526)	(714 263)
Present value of annuity obligations	1 000 691	1 390 969
The obligations under finance leases are scheduled below:		
	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	311 920	668 617
Payable within two to five years	23 366	335 285
	335 285	1 003 902
Less: Future finance obligations	(19 400)	(99 117)
Present value of lease obligations	315 885	904 785
Leases are secured by property, plant and equipment - Note 12		
4 EMPLOYEE BENEFITS		
Post Retirement Benefits - Refer to Note 4.2	20 139 506	16 147 043
Long Service Awards - Refer to Note 4.3	2 721 557	2 148 435
Total Non-current Employee Benefit Liabilities	22 861 063	18 295 478
<u>Post Retirement Benefits</u>		
Balance 1 July	16 704 011	16 197 860
Contribution for the year	2 360 482	2 284 433
Expenditure for the year	(578 894)	(576 982)
Actuarial Loss/(Gain)	2 248 099	(1 201 300)
Total post retirement benefits 30 June	20 733 698	16 704 011
Less: Transfer of Current Portion - Note 7	(594 192)	(556 968)
Balance 30 June	20 139 506	16 147 043

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
<u>Long Service Awards</u>		
Balance 1 July	2 288 169	1 930 123
Contribution for the year	472 674	404 374
Expenditure for the year	(145 661)	(130 262)
Actuarial Loss	368 764	83 934
Total long service 30 June	2 983 946	2 288 169
Less: Transfer of Current Portion - Note 7	(262 389)	(139 734)
Balance 30 June	2 721 557	2 148 435

TOTAL NON-CURRENT EMPLOYEE BENEFITS

Balance 1 July	18 992 180	18 127 983
Contribution for the year	2 833 156	2 688 807
Expenditure for the year	(724 556)	(707 244)
Actuarial Loss/(Gain)	2 616 864	(1 117 366)
Total employee benefits 30 June	23 717 644	18 992 180
Less: Transfer of Current Portion - Note 7	(856 581)	(696 702)
Balance 30 June	22 861 063	18 295 478

4.1 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in the principles of GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2010 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2009 - 100%). Actuarial valuations also determined that there were a shortfall in the investment return for the 30 June 2010 financial year.

Contributions paid recognised in the Statement of Financial Performance	9 053	11 570
---	-------	--------

CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2010 revealed that the fund is in a sound financial position with a funding level of 100.3% (30 June 2009 - 103.3%).

Contributions paid recognised in the Statement of Financial Performance	4 637 367	3 902 901
---	-----------	-----------

DEFINED CONTRIBUTION FUNDS

Council contribute to the Municipal Council Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

Municipal Councillors Pension Fund	253 463	234 321
SAMWU National Provident Fund	724 982	608 906
	978 445	843 227

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

4.2	Post Retirement Benefits	2011 R	2010 R
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	In-service (employee) members	93	86
	In-service (employee) non-members	189	-
	Continuation members (e.g. Retirees, widows, orphans)	22	24
	Total Members	304	110
	The liability in respect of past service has been estimated to be as follows:		
	In-service members	10 841 739	7 624 519
	Continuation members	9 891 959	9 079 492
	Total Liability	20 733 698	16 704 011
	The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
	Bonitas;		
	LA Health		
	Hosmed		
	Samwumed; and		
	Keyhealth.		
	The Future-service Cost for the ensuing year is estimated to be R845 439, whereas the Interest- Cost for the next year is estimated to be R1 122 269.		
	Key actuarial assumptions used:	%	%
	i) Rate of interest		
	Discount rate	8.73%	9.22%
	Health Care Cost Inflation Rate	7.29%	7.27%
	Net Effective Discount Rate	1.34%	1.82%
	ii) Mortality rates		
	The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.		
	iii) Normal retirement age		
	It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.		
	The amounts recognised in the Statement of Financial Position are as follows:		
	Present value of fund obligations	20 733 698	16 704 011
	Net liability/(asset)	20 733 698	16 704 011
	Reconciliation of present value of fund obligation		
	Present value of fund obligation at the beginning of the year	16 704 011	16 197 860
	Total expenses	1 781 588	1 707 451
	Current service cost	845 439	834 475
	Interest Cost	1 515 043	1 449 958
	Benefits Paid	(578 894)	(576 982)
	Actuarial (gains)/losses	2 248 099	(1 201 300)
	Present value of fund obligation at the end of the year	20 733 698	16 704 011
	Less: Transfer of Current Portion - Note 7	(594 192)	(556 968)
	Balance 30 June	20 139 506	17 096 098

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

4

EMPLOYEE BENEFITS (CONTINUE)

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	10.842	9.892	20.734	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	13.622	11.146	24.768	19%
Health care inflation	-1%	8.706	8.829	17.535	-15%
Post-retirement mortality	-1 year	11.231	10.224	21.455	3%
Average retirement age	-1 year	11.993	9.892	21.885	6%
Withdrawal Rate	-50%	12.313	9.892	22.205	7%

4.3 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 280 employees were eligible for Long Service Bonuses.

The Future-service Cost for the ensuing year is estimated to be R 376 641, whereas the Interest cost for the next year is estimated to be R226 666.

Key actuarial assumptions used:

% %

i) Rate of interest

Discount rate	7.94%	9.17%
General Salary Inflation (long-term)	6.30%	6.56%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1.54%	2.45%

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	2 983 946	2 288 169
Net liability/(asset)	2 983 946	2 288 169

2011
R

2010
R

Reconciliation of present value of fund obligation

Present value of fund obligation at the beginning of the year	2 288 169	1 930 123
Total expenses	327 013	274 112
Current service cost	269 159	232 206
Interest Cost	203 515	172 168
Benefits Paid	(145 661)	(130 262)
Actuarial (gains)/losses	368 764	83 934
Present value of fund obligation at the end of the year	2 983 946	2 288 169
Less: Transfer of Current Portion - Note 7	(262 389)	(139 734)
Balance 30 June	2 721 557	2 148 435

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		2.984	
General salary inflation	1%	3.246	9%
General salary inflation	-1%	2.752	-8%
Average retirement age	-2 yrs	2.647	-11%
Average retirement age	2 yrs	3.276	10%
Withdrawal rates	-50%	3.585	20%

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
5 NON-CURRENT PROVISIONS		
Provision for Rehabilitation of Landfill-sites	2 581 485	2 425 646
<u>Landfill Sites</u>		
Balance 1 July	2 691 486	2 560 981
Balance previously reported		-
Correction of error - Refer to note 36.04		2 560 981
Unwinding of discounted interest	172 919	130 505
Balance previously reported		-
Correction of error - Refer to note 36.04		130 505
Total provision 30 June	2 864 405	2 691 486
<u>Less:</u> Transfer of Current Portion to Current Provisions - Note 8	(282 920)	(265 841)
Balance previously reported		-
Correction of error - Refer to note 36.04		(265 841)
Balance 30 June	2 581 485	2 425 646

The municipality did not measure the rehabilitation costs of the refuse sites in the past in terms of Directive 4, issued by the Accounting Standards Board. Since the previous reporting period the municipality recognised the following non-current provisions:

2 425 646

The municipality has an obligation to rehabilitate the following landfill sites at the end of the expected useful life of the asset. Details of the sites are as follows:

<u>Location</u>	<u>Estimated decommission date</u>		
Bredasdorp	2066	1 038 045	975 380
Napier	2055	45 000	42 283
Waenhuiskrans	2055	502 720	472 372
Struisbaai	2055	995 720	935 610
L'Agulhas	due)	282 920	265 841
		2 864 405	2 691 486

6 CONSUMER DEPOSITS		
Electricity	1 890 734	1 700 794
Water	989 539	936 156
Total Consumer Deposits	2 880 273	2 636 950
Guarantees held in lieu of Electricity and Water Deposits	-	-

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

7 CURRENT EMPLOYEE BENEFITS		
Current Portion of Post Retirement Benefits - Note 4	594 192	556 968
Current Portion of Long-Service Provisions - Note 4	262 389	139 734
Performance Bonuses	513 528	435 514
Balance previously reported		513 528
Correction of error - Refer to note 36.01		(78 015)
Staff Leave	2 675 868	2 164 782
Pension Fund Shortages	272 760	272 760
Total Current Employee Benefits	4 318 738	3 569 758

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	R	R
The movement in current employee benefits are reconciled as follows:		
<u>Performance Bonuses</u>		
Balance at beginning of year	435 514	330 950
Contribution to current portion	513 528	435 514
Expenditure incurred	(435 514)	(330 950)
Balance at end of year	513 528	435 514

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

Staff Leave

Balance at beginning of year	2 164 782	1 672 527
Contribution to current portion	693 690	905 879
Expenditure incurred	(182 604)	(413 625)
Balance at end of year	2 675 868	2 164 782

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

Pension

Balance at beginning of year	272 760	-
Contribution to current portion	-	272 760
Balance at end of year	272 760	272 760

The Council contributes to the Cape Joint Pension Fund. The conditions of the fund stipulate that any shortfall in the fund may be recovered from municipalities. The fund indicated that a shortfall arose and that the municipality is liable for this contribution.

8 PROVISIONS

Current Portion of Rehabilitation of Landfill-sites - Note 5	282 920	265 841
Balance previously reported		-
Correction of error - Refer to note 36.05		265 841
Total Provisions	282 920	265 841

The municipality did not measure the rehabilitation costs of the refuse sites in the past in terms of Directive 4, issued by the Accounting Standards Board. Since the previous reporting period the municipality recognised the following current provisions:

265 841

9 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	4 231 367	5 314 309
Pre-Paid Electricity	96 949	71 744
Debtors with credit balances	875 597	624 697
Sundry Creditors	66 549	198 607
Balance previously reported		370 708
Correction of error - Refer to note 36.02		(172 101)
Payments received in advance	193 503	151 931
Retentions	1 586 448	952 711
Sundry Deposits	658 776	1 043 579
Total Trade Payables	7 709 189	8 357 577

Payables are being recognised net of any discounts

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value

Sundry deposits include Hall, Builders and Housing Deposits.

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011	2010
		R	R
10	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
	Unspent Grants	1 768 346	11 160 799
	National Government Grants	465 252	7 597 712
	Provincial Government Grants	1 303 095	3 361 177
	District Municipality	-	201 910
	Less: Unpaid Grants	3 336 380	1 786 213
	National Government Grants	299 852	-
	Provincial Government Grants	3 036 529	1 786 213
	Total Conditional Grants and Receipts	(1 568 034)	9 374 586

See appendix "F" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld

11	UNSPENT PUBLIC CONTRIBUTIONS		
	Soccer 2010	-	5 000
	Total Unspent Public Contributions	-	5 000
	Reconciliation of public contributions		
	<u>Soccer 2010</u>		
	Opening balance	5 000	-
	Contributions received	50 000	5 000
	Conditions met - Transferred to revenue	(55 000)	-
	Closing balance	-	5 000

12	TAXES	2011	2010
		R	R
	VAT Payable	941 860	1 866 233
	VAT Receivable	(622 722)	(1 010 493)
		319 138	855 741

VAT is payable/receivable on the cash basis.

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

14	INVESTMENT PROPERTY	2011 R	2010 R
	Net Carrying amount at 1 July	35 822 083	34 923 693
	Acquisitions	-	900 000
	Depreciation for the year	(1 610)	(1 610)
	Net Carrying amount at 30 June	35 820 473	35 822 083
	Cost	35 870 800	35 870 800
	Accumulated Depreciation	(50 327)	(48 717)

GRAP 16 - Investment Properties

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008, in the previous financial year. No adjustments to the carrying value of investment property were required as a result of Directive 4 not being applicable in the current financial year.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

15	INTANGIBLE ASSETS		
	Computer Software		
	Net Carrying amount at 1 July	36 094	-
	Acquisitions	78 996	39 900
	Amortisation	(15 743)	(3 806)
	Net Carrying amount at 30 June	99 347	36 094
	Cost	118 896	39 900
	Accumulated Amortisation	(19 549)	(3 806)

GRAP 102 - Intangible Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008, in the previous financial year. No adjustments to the carrying value of intangible were required as a result of Directive 4 not being applicable in the current financial year.

16	CAPITALISED RESTORATION COST		
	Net Carrying amount at 1 July	1 302 563	1 338 134
	Balance previously reported		-
	Correction of error - Refer to note 36.06		1 338 134
	Depreciation	(27 371)	(27 539)
	Balance previously reported		-
	Correction of error - Refer to note 36.06		(27 539)
	Impairment	(26 108)	(8 032)
	Balance previously reported		-
	Correction of error - Refer to note 36.06		(8 032)
	Net Carrying amount at 30 June	1 249 084	1 302 563
	Cost	1 493 680	1 493 680
	Accumulated Depreciation	(210 457)	(183 086)
	Accumulated Impairments	(34 139)	(8 032)

The municipality did not measure the rehabilitation costs of the refuse sites in the past in terms of Directive 4, issued by the Accounting Standards Board.

Since the previous reporting period the municipality recognised the all rehabilitation cost in line with GRAP 17. Also refer to note 5 for the related provision raised for rehabilitation cost of the refuse sites in the municipal area.

Refuse tip-sites financed by way of a provision recognised previously not recognised - Refer to note 36.06

1 302 563

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
17 LONG-TERM RECEIVABLES		
Loans to organisations - at amortised cost	28 822	34 202
Individual housing loans	390 293	422 833
	<u>419 116</u>	<u>457 035</u>
Less: Current portion transferred to current receivables	(5 652)	(5 380)
Loans to organisations - at amortised cost	<u>(5 652)</u>	<u>(5 380)</u>
Total Long Term Receivables	<u>413 464</u>	<u>451 655</u>

18 INVENTORY		
Consumable Stores - Stationery and materials - At cost	831 714	1 182 537
Water – At cost	42 434	38 790
Balance previously reported		-
Correction of error - Refer to note 36.08		<u>38 790</u>
Total Inventory	<u>874 147</u>	<u>1 221 326</u>

GRAP 12 - Inventories

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008, in the previous financial year.

Since the previous reporting date the following inventories were measured in accordance with GRAP 12 and restated retrospectively:

Water	<u>38 790</u>
-------	---------------

19 RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Service Receivables	11 909 635	10 038 428
Electricity	5 572 451	5 082 449
Water	2 225 987	2 084 151
Refuse	1 235 557	1 229 240
Sewerage	713 920	741 740
Other Services	2 161 721	900 848
Balance previously reported		1 082 698
Correction of error - Refer to note 36.03		<u>(181 850)</u>
Other Receivables	608 504	484 853
Asset Sales	484 853	484 853
Other Arrears	123 651	-
Total Service Receivables	12 518 139	10 523 281
Less: Allowance for Doubtful Debts	<u>(4 356 258)</u>	<u>(5 178 660)</u>
Net Service Receivables	<u>8 161 881</u>	<u>5 344 621</u>

Included in the outstanding balances are consumer debtors to the value of R 527 879 (2010 - R649 977), who have made arrangements to repay their outstanding debt over a re-negotiated period.

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary

Ageing of Receivables from Exchange Transactions

(Electricity): Ageing

Current (0 - 30 days)	4 640 850	3 425 551
31 - 60 Days	84 104	691 074
61 - 90 Days	123 004	108 234
+ 90 Days	724 494	857 590
Total	<u>5 572 451</u>	<u>5 082 449</u>

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
<u>(Water): Ageing</u>		
Current (0 - 30 days)	1 174 137	878 234
31 - 60 Days	135 973	256 739
61 - 90 Days	120 814	83 490
+ 90 Days	795 062	865 687
Total	2 225 987	2 084 151
<u>(Refuse): Ageing</u>		
Current (0 - 30 days)	694 559	539 398
31 - 60 Days	42 324	113 005
61 - 90 Days	53 840	40 224
+ 90 Days	444 834	536 613
Total	1 235 557	1 229 240
<u>(Sewerage): Ageing</u>		
Current (0 - 30 days)	387 695	270 724
31 - 60 Days	29 802	76 781
61 - 90 Days	43 145	76 889
+ 90 Days	253 279	317 346
Total	713 920	741 740
<u>(Other): Ageing</u>		
Current (0 - 30 days)	530 371	96 594
31 - 60 Days	79 087	88 765
61 - 90 Days	64 335	58 272
+ 90 Days	1 487 928	657 216
Total	2 161 721	900 848
<u>(Total): Ageing</u>		
Current (0 - 30 days)	7 427 611	5 210 501
31 - 60 Days	371 290	1 226 365
61 - 90 Days	405 138	367 110
+ 90 Days	3 705 596	3 234 452
Total	11 909 635	10 038 428
<u>Reconciliation of the doubtful debt provisor</u>		
Balance at beginning of the year	5 178 660	3 294 053
Contributions to provision/(Reversal of provision)	(447 879)	1 998 716
Doubtful debts written off against provision	(374 522)	(114 109)
Balance at end of year	4 356 258	5 178 660

In determining the recoverability of a receivable, the Municipality considers any change in the credit quality of the trade receivable from the date the credit was initially granted, up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

20 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

<u>Service Receivables</u>	2 268 738	2 671 690
Rates	2 268 738	2 671 690
<u>Other Receivables</u>	5 764	5 830
Staff	5 764	5 830
Less: Allowance for Doubtful Debts	2 274 503 (1 080 472)	2 677 521 (1 356 712)
	1 194 031	1 320 809

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	R	R
Ageing of Receivables from Non-Exchange Transactions		
<u>(Rates): Ageing</u>		
Current (0 - 30 days)	1 292 223	1 432 935
31 - 60 Days	44 711	173 783
61 - 90 Days	28 142	55 919
+ 90 Days	903 663	1 009 054
Total	2 268 738	2 671 690

Debts are required to be settled after 30 days, interest is charged after this date at prime +1%

The fair value of receivables approximates their carrying amounts.

Reconciliation of the doubtful debt provision

Balance at beginning of the year	1 356 712	681 332
Contributions to provision/(Reversal of provision)	(275 408)	705 274
Doubtful debts written off against provision	(832)	(29 894)
Balance at end of year	1 080 472	1 356 712

In determining the recoverability of a receivable, the Municipality considers any change in the credit quality of the trade receivable from the date the credit was initially granted, up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

21 OPERATING LEASE ARRANGEMENTS

21.1 The Municipality as Lessor

Balance on 1 July	16 702	42 637
Balance previously reported		37 244
Correction of error - Refer to note 36.10		5 393
Operating Lease Asset for the current year	(10 994)	(25 934)
Balance previously reported		(22 822)
Correction of error - Refer to note 36.10		(3 112)
Balance on 30 June	5 708	16 702

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	16 309	165 860
1 to 5 Years	33 036	31 829
More than 5 Years	8 248	11 828
Total Operating Lease Arrangements	57 593	209 516

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out for periods ranging until 2015

22 CASH AND CASH EQUIVALENTS

Assets

Primary Bank Account	33 370 275	67 702 707
Cash Floats	12 700	5 502
Total Cash and Cash Equivalents - Assets	33 382 975	67 708 209

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

All Investments were withdrawn on 30 June. Cash and cash equivalents are held to fund the following commitments:

Unspent Conditional Grants	1 768 346	11 160 799
Capital Replacement Reserve	31 000 000	55 000 000
	32 768 346	66 160 799

A bank overdraft facility of R2 000 000 exists at ABSA.

Guarantees are held at ABSA and Nedbank in the name of the following entities :

	2011	2010
	R	R
Eskom (ABSA)	15 000	15 000
Building of dam (Nedbank)	7 000	7 000

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The Post Office

50 000

-

72 000

22 000

The municipality has the following bank accounts:

Current Accounts

Bredasdorp ABSA - Account number 40 5883 2586 (Primary Bank Account)

33 370 275

67 702 707

33 370 275

67 702 707

Bredasdorp ABSA - Account number 40 5883 2586 (Primary Bank Account)

Cash book balance at beginning of year

67 702 707

70 796 763

Cash book balance at end of year

33 370 275

67 702 707

Bank statement balance at beginning of year

67 541 994

71 469 193

Bank statement balance at end of year

33 638 106

67 541 994

23

PROPERTY RATES

Actual

Rateable Land and Buildings

28 567 550

26 351 415

Residential, Commercial Property, State

28 567 550

26 351 415

Less: Rebates

(98 034)

(35 180)

Total Assessment Rates

28 469 515

26 316 236

Valuations - 1 JULY 2010

Rateable Land and Buildings

Residential

2 780 617 000

2 777 773 000

Business & Commercial

173 341 400

175 176 400

Public benefit Organizations

30 267 000

27 092 000

State-owned

46 568 000

47 751 000

Agricultural

1 084 160 800

1 052 232 800

Other

205 042 000

199 328 000

Total Assessment Rates

4 319 996 200

4 279 353 200

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009. Rebates were granted on land with buildings used solely for dwellings purposes as follows:
Residential - The first R15 000 on the valuation is exempted.

Rebates on Income - Basic Rate:

Single Tariff

0.004010 c / R

0.003713 c / R

Agricultural Land receives a 75% rebate

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

24	GOVERNMENT GRANTS AND SUBSIDIES	2011 R	2010 R
	Unconditional Grants	13 494 036	10 527 069
	Equitable Share	13 494 036	10 527 069
	Conditional Grants	29 241 203	31 232 016
	Grants and donations	21 041 630	31 232 016
	Subsidies	8 199 573	-
	Total Government Grants and Subsidies	42 735 239	41 759 085
	Government Grants and Subsidies - Capital	7 965 368	6 100 297
	Government Grants and Subsidies - Operating	34 769 870	35 658 788
		42 735 239	41 759 085
	The municipality does not expect any significant changes to the level of grants		
24.1	Equitable share		
	Grants received	13 494 036	10 527 069
	Conditions met - Operating	(13 494 036)	(10 527 069)
	Conditions still to be met	-	-
	The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
24.2	Local Government Financial Management Grant (FMG)		
	Opening balance	1 151 058	1 044 858
	Grants received	1 250 000	1 000 000
	Conditions met - Operating	(1 944 042)	(893 800)
	Conditions met - Capital	(23 160)	-
	Conditions still to be met	433 856	1 151 058
	The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		
24.3	Municipal Systems Improvement Grant (MSIG)		
	Opening balance	-	488 159
	Grants received	750 000	-
	Conditions met - Operating	(577 289)	(488 159)
	Conditions met - Capital	(141 316)	-
	Conditions still to be met	31 395	-
	The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
24.4	Municipal Infrastructure Grant (MIG)		
	Opening balance	6 446 654	478 568
	Grants received	-	12 045 000
	Conditions met - Capital	(6 746 506)	(6 076 915)
	Conditions still to be met/(Grant expenditure to be recovered)	(299 852)	6 446 653
	The grant was used to upgrade infrastructure in previously disadvantaged areas.		
24.5	Housing Grants		
	Opening balance	905 734	984 993
	Grants received	9 087 564	20 452 250
	Conditions met - Operating	(8 849 564)	(20 531 508)
	Conditions still to be met	1 143 734	905 735
	Housing grants was utilised for the development of erven and the erection of top structures.		

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
24.6 Proclaimed road subsidy		
Opening balance	-	-
Grants received	5 163 044	-
Conditions met - Operating	(8 199 573)	-
Grant expenditure to be recovered	(3 036 529)	-
	<u>(3 036 529)</u>	<u>-</u>
The subsidy is utilised to upgrade the provincial road network in the municipal area.		
24.7 Other Grants		
Opening balance	871 140	2 543 551
Grants received	2 047 975	1 583 919
Transfers	-	(14 695)
Conditions met - Operating	(1 705 367)	(3 218 252)
Conditions met - Capital	(1 054 387)	(23 384)
Conditions still to be met	159 360	871 139
	<u>159 360</u>	<u>871 139</u>
Various grants were received from other spheres of government (e.g. Library fund, Skills Development Grant, Flood Damage and Mobility Strategy grant)		
24.8 Total Grants		
Opening balance	9 374 586	5 540 129
Grants received	31 792 619	45 608 238
Transfers	-	(14 695)
Conditions met - Operating	(34 769 870)	(35 658 788)
Conditions met - Capital	(7 965 368)	(6 100 298)
Conditions still to be met/(Grant expenditure to be recovered)	(1 568 034)	9 374 586
	<u>(1 568 034)</u>	<u>9 374 586</u>
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	1 768 346	11 160 799
Unpaid Conditional Government Grants and Receipts	(3 336 380)	(1 786 213)
	<u>(1 568 034)</u>	<u>9 374 586</u>
25 SERVICE CHARGES		
Electricity	49 939 436	42 970 212
Water	13 209 321	12 462 476
Refuse removal	8 285 376	7 332 384
Sewerage and Sanitation Charges	4 885 451	4 386 242
	<u>76 319 582</u>	<u>67 151 314</u>
Less: Rebates	(5 383 890)	(4 484 251)
Total Service Charges	<u>70 935 693</u>	<u>62 667 062</u>
26 OTHER INCOME		
Connections - Electricity	695 500	725 902
Connections - Water	232 214	204 805
Building Plan Fees	369 581	390 648
Sundry Income	908 760	724 079
Total Other Income	<u>2 206 055</u>	<u>2 045 434</u>
Other income represents sundry income such as administration income, building plans and legal income.		

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
28 EMPLOYEE RELATED COSTS		
Long Service Awards	472 674	274 112
Post Retirement Medical	2 360 482	2 284 433
Employee related costs - Salaries and Wages	39 540 045	34 003 204
Group Life Insurance	620 663	451 128
Housing Subsidy	352 844	370 989
Leave Reserve Fund	693 690	905 879
Overtime	1 936 952	1 538 625
Employee related costs - Contributions for UIF, pensions and medical aids	7 427 377	6 484 195
Standby Allowances	1 479 005	509 294
Travel, motor car, telephone, assistance and other allowances	3 003 464	2 682 992
Total Employee Related Costs	57 887 196	49 504 851
KEY MANAGEMENT PERSONNEL		
The Municipal Manager, the Chief Financial Officer, the Manager: Corporate Services, the Manager: Community Services and the Manager: Civil Engineering Services are appointed on a 5-year contract. There are no post-employment or termination benefits payable to them at the end of the contract period.		
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>Remuneration of the Municipal Manager</i>		
Annual Remuneration	733 710	648 043
Performance Bonuses	119 919	97 280
Car Allowance	64 327	83 375
Subsistence and Travel	17 029	972
SALGA contribution	49	45
Contribution to Group Insurance	15 426	11 664
Contributions to UIF, Medical and Pension Funds	157 819	135 696
Total	1 108 279	977 075
<i>Remuneration of the Manager: Community Services</i>		
Annual Remuneration	516 943	468 518
Performance Bonuses	88 366	78 201
Travelling Allowance	63 854	68 731
Subsistence and Travel	14 643	26 276
SALGA contribution	49	45
Contribution to Group Insurance	10 868	8 433
Contributions to UIF, Medical and Pension Funds	124 071	114 895
Total	818 794	765 098
<i>Remuneration of the Manager: Corporate Services</i>		
Annual Remuneration	509 736	461 293
Performance Bonuses	69 431	44 686
Travelling Allowance	94 451	90 639
Subsistence and Travel	5 060	8 583
SALGA contribution	49	45
Contribution to Group Insurance	10 717	8 303
Contributions to UIF, Medical and Pension Funds	115 260	107 085
Total	804 704	720 636
<i>Remuneration of the Manager: Civil Engineering Services</i>		
Annual Remuneration	516 943	468 518
Performance Bonuses	69 431	78 200
Travelling Allowance	90 811	69 300
Subsistence and Travel	20 219	5 780
SALGA contribution	49	45
Contribution to Group Insurance	10 868	8 433
Contributions to UIF, Medical and Pension Funds	131 416	120 679
Total	839 737	750 955
<i>Remuneration of the Chief Financial Officer</i>		
Annual Remuneration	530 143	481 752
Performance Bonuses	88 366	32 584
Car Allowance	65 029	61 939
Subsistence and Travel	8 278	2 636
SALGA contribution	49	45
Contribution to Group Insurance	11 146	8 671
Contributions to UIF, Medical and Pension Funds	111 669	102 294
Total	814 679	689 921
	2011 R	2010 R
29 REMUNERATION OF COUNCILLORS		
Executive Mayor	559 043	531 490
Executive Deputy Mayor	447 526	425 828
Speaker	478 753	434 836

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Mayoral Committee Members	396 831	400 283
Councillors	974 974	983 641
Total Councillors' Remuneration	2 857 127	2 776 078

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and one mayoral committee member are full-time. They are provided with secretarial support and an office each at the cost of the Council.

30 DEBT IMPAIRMENT

Receivables from exchange transactions - Refer to note 19	(447 879)	1 998 716
Receivables from non-exchange transactions - Refer to note 20	(275 408)	705 274
Total Contribution to Impairment Provision/(Reversal of provision)	(723 288)	2 703 990

31 DEPRECIATION AND AMORTISATION

Property Plant & Equipment	4 931 999	4 137 209
Landfill Sites	27 371	27 539
Investment Property	1 610	1 610
Intangible Assets	15 743	3 806
	4 976 723	4 170 164

32 IMPAIRMENTS

Landfill Sites	26 108	8 032
	26 108	8 032

33 FINANCE CHARGES

Long-term Liabilities	195 649	296 774
Finance leases	79 717	161 989
Landfill Sites	172 919	130 505
Total finance charges	448 285	589 268

34 BULK PURCHASES

Electricity	34 134 441	24 873 087
Water	337 168	73 083
Total Bulk Purchases	34 471 609	24 946 170

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
35 GENERAL EXPENSES		
Advertising	135 876	169 058
Advertising & Tourism	600 000	600 980
Audit Committee Allowances	58 941	97 035
Audit fees	1 343 094	1 552 889
Bank Charges	338 159	259 782
Chemicals	620 492	624 081
Cleaning material	140 210	133 491
Cleaning projects	255 410	201 144
Cleaning services & washing	48 313	36 031
Computer Services & License fees	823 732	956 063
Contributions - Festivities	-	165 219
Contributions - Pensioners Medical Aid	261 749	-
Donations	86 000	79 000
Entertainment costs	119 115	135 512
Expenditure - Previous years	7 623	1 155 373
Feeding Schemes	553 147	582 359
Free Basic Electricity	300 156	290 685
Fuel Cost	1 814 845	1 584 981
Holiday Programmes & Entertainment	523 675	60 144
Housing Development Fund	792 778	968 985
Human Development	216 852	-
Insurance	311 921	270 546
Legal fees	740 874	370 538
License fees - Radios	8 960	3 764
License fees - Vehicles	96 861	71 602
Local Economic Development	169 039	-
Marketing & Development	-	186 820
Oil & Lubricants	33 713	52 019
Postage	384 014	389 835
Printing & Stationery	658 363	564 461
Professional & Consultancy fees	4 205 370	477 790
Protective Clothing	217 991	230 289
Public Communication	539 820	204 533
Recruiting Costs	57 453	38 854
Refuse Bags	326 681	394 994
Rental Paid	1 268 936	1 457 411
Security Services	412 839	381 246
Service Charges	2 369 989	2 168 757
Service connections - new	327 666	201 224
Soccer 2010 World Cup	-	205 954
Social assistance	57 142	177 566
Socio-Economic Development	217 307	547 245
Sport Development	-	195 897
Structure - & Zoning planning	74 300	131 900
Subscriptions - Organisations	286 454	233 085
Subsistence & Travel Allowances	572 962	400 867
Telephone costs	1 525 685	1 133 378
Training & Development - Staff	252 934	373 506
Training Levy	436 532	389 894
Transfer costs	26 530	18 011
Union Representative	30 887	26 726
Valuation Costs	320 164	128 808
Ward Committees	253 707	254 021
Workmens Compensation Contributions	329 154	238 050
Other	1 073 601	876 471
General Expenses	26 628 014	22 448 874

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

36	CORRECTION OF ERROR IN TERMS OF GRAP 3	2010 R
36.01	CURRENT EMPLOYEE BENEFITS	
	Balance previously reported	3 647 773
	Correction of performance bonuses over provided for on 30 June 2010 - Refer to note 37	(78 015)
		3 569 758
36.02	PAYABLES FROM EXCHANGE TRANSACTIONS	
	Balance previously reported	8 529 677
	Recognition of unknown receipts dated prior to 30 June 2009 as income - Refer to note 36.05	(172 101)
		8 357 577
36.03	RECEIVABLES FROM EXCHANGE TRANSACTIONS	
	Balance previously reported	5 526 471
	Correction of incorrect rental income levied (Vodacom) - Refer to note 37	(60 090)
	Correction of rental payment received incorrectly not recognised against debtors vote (Agri - Dwala) - Refer to note 37	(121 760)
		5 344 621
36.04	NON-CURRENT PROVISIONS	
	Balance previously reported	-
	First time recognition of restoration cost provision on 1 July 2009	2 560 981
	First time recognition of Capitalised Restoration Cost - At Cost- Refer to note 36.06	1 493 680
	First time recognition of Landfill Site Provision - Derecognised Assets - Refer to note 36.05	137 588
	Recognition of Interest Cost on Landfill Site Provisions up to 1 July 2009 - Refer to note 36.05	929 713
	Unwinding of interest during 2009/2010 - Refer to note 37	130 505
	First time recognition of short term portion of non-current provisions on 30 June 2010 - Refer to note 36.05	(265 841)
		2 425 646
36.05	PROVISIONS	
	Balance previously reported	-
	First time recognition of short term portion of non-current provisions on 30 June 2010 - Refer to note 36.05	265 841
		265 841
36.06	CAPITALISED RESTORATION COST	
	Balance previously reported	-
	First time recognition of restoration cost provision on 1 July 2009	1 338 134
	First time recognition of Capitalised Restoration Cost - At Cost- Refer to note 36.04	1 493 680
	First time recognition of restoration cost provision on 1 July 2009 (Accumulated Depreciation) - Refer to note 36.05	(155 547)
	Recognition of impairments on landfill sites during 2009/2010 - Refer to note 37	(8 032)
	Recognition of depreciation on landfill sites during 2009/2010 - Refer to note 37	(27 539)
		1 302 563

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

2010
R

36.07 PROPERTY PLANT AND EQUIPMENT

Balance previously reported

175 281 729

Community and loose assets incorrectly classified as infrastructure

-

Effect on Infrastructure Electricity Network - Cost	(351)
Effect on Infrastructure Water Network - Cost	(178 927)
Effect on Recreation Grounds - Cost	178 927
Effect on Tools and equipment - Cost	351
Effect on Infrastructure Electricity Network - Accumulated Depreciation up to 30 June 2009	66
Effect on Infrastructure Water Network - Accumulated Depreciation up to 30 June 2009	23 873
Effect on Recreation Grounds - Accumulated Depreciation up to 30 June 2009	(23 873)
Effect on Tools and equipment - Accumulated Depreciation up to 30 June 2009	(66)
Effect on Infrastructure Electricity Network - Depreciation in 2009/2010	35
Effect on Infrastructure Water Network - Depreciation in 2009/2010	5 964
Effect on Recreation Grounds - Depreciation in 2009/2010	(5 964)
Effect on Tools and equipment - Depreciation in 2009/2010	(35)
Recognition of deemed cost assets on 30 June 2008 - Refer to note 36.09	475 693
Effect on Office Equipment - Cost	154 880
Effect on Tools & Equipment - Cost	40 060
Effect on Vehicles - Cost	23 419
Effect on Leased Assets - Vehicles - Cost	23 419
Effect on Furniture - Cost	59 357
Effect on Chairs - Cost	30 025
Effect on Computer Hardware - Cost	38 469
Effect on Tables - Cost	56 408
Effect on Other - Cost	49 657
Recognition of accumulated depreciation on deemed cost assets up to 30 June 2009 - Refer to note 36.09	(36 850)
Effect on Office Equipment - Accumulated Depreciation	(13 475)
Effect on Tools & Equipment - Accumulated Depreciation	(2 607)
Effect on Vehicles - Accumulated Depreciation	(3 123)
Effect on Leased Assets - Vehicles - Accumulated Depreciation	(4 684)
Effect on Furniture - Accumulated Depreciation	(1 979)
Effect on Chairs - Accumulated Depreciation	(2 002)
Effect on Computer Hardware - Accumulated Depreciation	(3 847)
Effect on Tables - Accumulated Depreciation	(1 880)
Effect on Other - Accumulated Depreciation	(3 254)
Recognition of depreciation on deemed cost assets for 2009/2010 - Refer to note 37	(37 080)
Effect on Office Equipment - Depreciation	(15 266)
Effect on Tools & Equipment - Depreciation	(2 608)
Effect on Vehicles - Depreciation	(1 561)
Effect on Leased Assets - Vehicles - Depreciation	(4 684)
Effect on Furniture - Depreciation	(1 979)
Effect on Chairs - Depreciation	(2 002)
Effect on Computer Hardware - Depreciation	(3 847)
Effect on Tables - Depreciation	(1 880)
Effect on Other - Depreciation	(3 254)
Adjustment of accumulated depreciation on 30 June 2009 due to unbundling process of infrastructure assets - Refer to note 36.09	(1 291 580)
Effect on Roads and Storm water	(1 489 123)
Effect on Electricity Network	1 594 029
Effect on Sewerage Network	747 135
Effect on Water Network	(1 551 765)
Effect on Refuse Removal	(591 855)
Adjustment of depreciation for 2009/2010 due to unbundling process of infrastructure assets - Refer to note 37	1 488 571
Effect on Roads and Storm water	666 976
Effect on Electricity Network	348 423
Effect on Sewerage Network	48 236
Effect on Water Network	387 760
Effect on Refuse Removal	37 176
Land previously not measured - Refer to note 36.09	10 355 000
	186 235 483

36.08 INVENTORY

Balance previously reported

1 182 537

First time measurement of water stock on 30 June 2009 - Refer to note 36.09

37 181

Recognition of movement on water stock during 2009/2010 - Refer to note 37

1 609

1 221 326

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2010
		R
36.09	ACCUMULATED SURPLUS	
	Balance previously reported	-
	First time recognition of restoration cost provision on 1 July 2009 (Accumulated Depreciation) - Refer to note 36.0f	(155 547)
	First time recognition of Landfill Site Provision - Derecognised Assets - Refer to note 36.04	(137 588)
	Recognition of Interest Cost on Landfill Site Provisions up to 1 July 2009 - Refer to note 36.04	(929 713)
	Recognition of deemed cost assets on 30 June 2008 - Refer to note 36.07	475 693
	Recognition of accumulated depreciation on deemed cost assets up to 30 June 2009 - Refer to note 36.07	(36 850)
	Adjustment of accumulated depreciation on 30 June 2009 due to unbundling process of infrastructure assets - Refer to note 36.07	(1 291 580)
	Recognition of unknown receipts dated prior to 30 June 2009 as income - Refer to note 36.02	172 101
	Land previously not measured - Refer to note 36.07	10 355 000
	First time measurement of water stock on 30 June 2009 - Refer to note 36.08	37 181
	Correction of operating lease balance on 30 June 2009 - Refer to note 36.1C	5 393
		8 494 090
36.10	OPERATING LEASE ARRANGEMENTS	
	Balance previously reported	14 421
	Correction of operating lease balance on 30 June 2009 - Refer to note 36.09	5 393
	Correction of movement on operating lease asset during 2009/2010 - Refer to note 37	(3 112)
		16 702
37	CHANGES IN STATEMENT OF FINANCIAL PERFORMANCE IN TERMS OF GRAP 3	
	Balance previously reported	7 043 846
	Reallocation of actuarial gains and losses incorrectly included as part of employee related cos	-
	Increase in employee related cost	(1 117 366)
	Increase in actuarial gains	1 201 300
	Increase in actuarial losses	(83 934)
	Correction of performance bonuses over provided for on 30 June 2010 - Refer to note 36.01	78 015
	Correction of rental payment received incorrectly not recognised against debtors vote (Agri - Dwala) - Refer to note 36.07	(121 760)
	Correction of incorrect rental income levied (Vodacom) - Refer to note 36.03	(60 090)
	Unwinding of interest during 2009/2010 - Refer to note 36.04	(130 505)
	Recognition of impairments on landfill sites during 2009/2010 - Refer to note 36.06	(8 032)
	Recognition of depreciation on landfill sites during 2009/2010 - Refer to note 36.06	(27 539)
	Recognition of depreciation on deemed cost assets for 2009/2010 - Refer to note 36.07	(37 080)
	Adjustment of depreciation for 2009/2010 due to unbundling process of infrastructure assets - Refer to note 36.07	1 488 571
	Recognition of movement on water stock during 2009/2010 - Refer to note 36.08	1 609
	Correction of movement on operating lease asset during 2009/2010 - Refer to note 36.1C	(3 112)
	Total	8 223 921
		2011
		R
38	RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS	2010
		R
	Surplus/(Deficit) for the year	8 223 921
	Adjustments for:	
	Depreciation and amortisation	4 170 164
	Impairments	8 032
	(Gain)/Loss on disposal of property, plant and equipment	298 755
	Contribution from/to employee benefits - non-current	2 688 807
	Contribution from/to employee benefits - non-current - expenditure incurred	(707 244)
	Contribution from/to employee benefits - non-current - actuarial losses	83 934
	Contribution from/to employee benefits - non-current - actuarial gains	(1 201 300)
	Contribution to employee benefits – current	1 614 154
	Contribution to employee benefits – current - expenditure incurred	(744 575)
	Contribution to provisions – non-current	130 505
	Contribution to provisions – bad debt	2 703 990
	Reversal of provisions – bad debt	-
	Bad debts written off	(144 003)
	Operating lease income accrued	25 934
	Grants Received	45 608 238
	Grant Expenditure and Transfers	(41 773 781)
	Operating Surplus/(Deficit) before changes in working capital	20 985 530
	Changes in working capital	525 180
	Increase/(Decrease) in Payables from exchange transactions	582 366
	Increase/(Decrease) in Unspent Conditional Public Contributions and Receipts	5 000
	Increase/(Decrease) in Taxes	549 011
	(Increase)/Decrease in Inventory	(86 495)
	Increase in Receivables from exchange and non-exchange transactions	(524 701)
	Cash generated/(absorbed) by operations	21 510 710
		2011
		R
39	CASH AND CASH EQUIVALENTS	2010
		R
	Cash and cash equivalents included in the cash flow statement comprise the following:	
	Cash Floats - Note 22	5 502
	Bank - Note 22	67 702 707

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Total cash and cash equivalents	33 382 975	67 708 209
40 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 39	33 382 975	67 708 209
Less:	33 382 975	67 708 209
	2 087 484	10 235 327
Unspent Committed Conditional Grants - Note 10	1 768 346	9 374 586
Unspent Public Contribution - Note 11	-	5 000
VAT - Note 12	319 138	855 741
Net cash resources available for internal distribution	31 295 491	57 472 883
Allocated to:		
Capital Replacement Reserve	31 000 000	55 000 000
Resources available for working capital requirements	295 491	2 472 883

41 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities - Note 3	1 316 576	2 295 754
Used to finance property, plant and equipment - at cost	(1 316 576)	(2 295 754)
	-	-
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-

42 BUDGET COMPARISONS

	2011 R (Actual)	2011 R (Budget)	2011 R (Variance)	2011 (%)
42.1 Operational				
Revenue by source				
Property Rates	28 469 515	29 186 145	(716 630)	(2%)
Government Grants and Subsidies - Capital	7 965 368	6 446 653	1 518 715	24%
Government Grants and Subsidies - Operating	34 769 870	36 055 782	(1 285 912)	(4%)
Public Contributions and Donations	55 000	-	55 000	100%
Fines	655 611	2 078 000	(1 422 389)	(68%)
Service Charges	70 935 693	71 628 228	(692 535)	(1%)
Rental of Facilities and Equipment	4 618 119	4 970 000	(351 881)	(7%)
Interest Earned - external investments	3 289 750	4 200 000	(910 250)	(22%)
Interest Earned - outstanding debtors	449 964	650 000	(200 036)	(31%)
Licences and Permits	1 153 899	958 000	195 899	20%
Agency Services	1 029 039	1 166 000	(136 961)	(12%)
Other Income	2 206 055	1 771 046	435 009	25%
Reversal of provision for bad debts	723 288	-	-	0%
	156 321 171	159 109 854	(3 511 970)	(2%)
Expenditure by nature				
Employee Related Costs	57 887 196	58 847 033	(959 837)	(2%)
Remuneration of Councillors	2 857 127	3 162 985	(305 858)	(10%)
Debt Impairment	-	3 373 694	(3 373 694)	(100%)
Depreciation and Amortisation	4 976 723	7 301 260	(2 324 537)	(32%)
Impairments	26 108	-	26 108	100%
Repairs and Maintenance	16 898 898	14 176 161	2 722 737	19%
Actuarial losses	2 616 864	-	2 616 864	100%
Finance Charges	448 285	195 910	252 375	129%
Bulk Purchases	34 471 609	33 062 281	1 409 328	4%
Contracted services	899 776	845 000	54 776	6%
Operating Grant Expenditure	11 498 997	14 230 577	(2 731 580)	(19%)
General Expenses	26 628 014	26 141 992	486 022	2%
Loss on Disposal of PPE	415 051	-	415 051	100%
	159 624 646	161 336 893	(1 712 247)	(1%)
Net Surplus for the year	(3 303 475)	(2 227 039)	(1 799 723)	

Details of material variances

Please see Appendix E(1)

	2011 R (Actual)	2011 R (Budget)	2011 R (Variance)	2011 (%)
42.2 Expenditure by Vote				
Executive and Council	32 687 304	33 255 270	(567 966)	(2%)
Budget and Treasury Office	20 282 155	17 887 487	2 394 668	13%
Corporate Services	5 786 392	6 302 389	(515 997)	(8%)
Community and Social Services	10 954 579	11 630 915	(676 336)	(6%)
Sport and Recreation	8 125 397	8 598 841	(473 444)	(6%)

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Public Safety	5 123 480	5 260 152	(136 672)	(3%)
Road Transport	18 469 970	16 682 584	1 787 386	11%
Electricity	47 356 325	48 543 945	(1 187 620)	(2%)
Water	10 825 962	12 632 495	(1 806 533)	(14%)
Waste Water Management	6 282 804	6 301 845	(19 041)	(0%)
Waste Management	7 953 788	8 234 418	(280 630)	(3%)
Environmental Protection	487 333	600 503	(113 170)	(19%)
Other	1 551 050	1 667 943	(116 893)	(7%)
Less Inter-Departmental Charges	(16 261 894)	(16 261 894)		
	159 624 646	161 336 893	(1 712 247)	

Details of material variances

Please see Appendix E(1)

42.3 Capital expenditure by vote

Executive and Council	86 896	3 199 400	(3 112 504)	(97%)
Budget and Treasury Office	438 714	301 500	137 214	46%
Corporate Services	1 409 449	942 500	466 949	50%
Community and Social Services	36 172	523 500	(487 328)	(93%)
Sport and Recreation	702 282	1 293 800	(591 518)	(46%)
Public Safety	536 238	830 000	(293 762)	(35%)
Road Transport	13 097 920	13 601 653	(503 733)	(4%)
Electricity	3 479 748	3 527 300	(47 552)	(1%)
Water	3 836 562	3 700 000	136 562	4%
Waste Water Management	3 079 528	3 170 000	(90 472)	(3%)
Waste Management	233 039	320 000	(86 961)	(27%)
	26 936 548	31 409 653	(4 473 105)	(14%)

Details of material variances

Please see Appendix E(2)

43 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

43.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	29 438 140	424 149
Unauthorised expenditure current year - capita	740 725	1 491 167
Unauthorised expenditure current year - operating	4 182 055	27 946 974
Approved by Council or condoned	(29 438 140)	(424 149)
Unauthorised expenditure awaiting authorisation	4 922 780	29 438 140

Incident	Disciplinary steps/criminal proceedings
Over expenditure of approved budget on votes 2010/11	None

43.2 Fruitless and wasteful expenditure

None

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2010/2011

	2011 R	2010 R														
43.3 Irregular expenditure																
Reconciliation of irregular expenditure:																
Opening balance	-	5 265 750														
Irregular expenditure current year	1 505 562	-														
Condoned or written off by Council	-	(5 265 750)														
Irregular expenditure awaiting condonement	1 505 562	-														
<table><tr><th>Incident</th><th>Disciplinary steps/criminal proceedings</th></tr><tr><td>Non-compliance with supply chain policy</td><td></td></tr><tr><td>- Bonearsingel</td><td>None</td></tr><tr><td>- St Joseph Street Project</td><td>None</td></tr></table>	Incident	Disciplinary steps/criminal proceedings	Non-compliance with supply chain policy		- Bonearsingel	None	- St Joseph Street Project	None	<table><tr><td>425 516</td><td>-</td></tr><tr><td>1 080 046</td><td>-</td></tr><tr><td>1 505 562</td><td>-</td></tr></table>	425 516	-	1 080 046	-	1 505 562	-	
Incident	Disciplinary steps/criminal proceedings															
Non-compliance with supply chain policy																
- Bonearsingel	None															
- St Joseph Street Project	None															
425 516	-															
1 080 046	-															
1 505 562	-															
43.4 Material Losses																
Electricity distribution losses																
- Units purchased (Kwh)	70 102 390	64 637 589														
- Units lost during distribution (Kwh)	10 292 785	7 704 860														
- Percentage lost during distribution	14.68%	11.92%														
Water distribution losses																
- Mega litres purified	2 081 757	2 075 987														
- Mega litres lost during distribution	304 211	241 765														
- Percentage lost during distribution	14.61%	11.65%														
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT																
44.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS																
Council subscriptions	279 400	224 515														
Amount paid - current year	(279 400)	(224 515)														
Balance unpaid (included in creditors)	-	-														
44.2 Audit fees - [MFMA 125 (1)(c)]																
Opening balance	-	-														
Current year audit fee	1 531 127	1 663 509														
External Audit - Auditor-General	1 531 127	1 295 742														
Audit Committee	67 193	110 620														
Internal Audit	-	257 147														
Amount paid - current year	(1 531 127)	(1 663 509)														
Balance unpaid	-	-														
44.3 VAT - [MFMA 125 (1)(c)]																
VAT	(319 138)	(855 741)														
VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.																
44.4 PAYE, SDL and UIF - [MFMA 125 (1)(c)]																
Current year payroll deductions and Council Contributions	7 057 137	5 675 801														
Amount paid - current year	(7 057 137)	(5 675 801)														
Balance unpaid	-	-														
44.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]																
Current year payroll deductions and Council Contributions	12 367 949	9 953 780														
Amount paid - current year	(12 367 949)	(9 953 780)														
Balance unpaid	-	-														

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

44.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

The following Councillors had arrear accounts for more than 90 days as at 30 JUNE 2011:

	2011 R	2010 R
	Outstanding more than 90 days	Outstanding more than 90 days
None	-	-
Total Councillor Arrear Consumer Accounts	-	-

44.7 Quotations awarded - Supply Chain Management

Non-compliance with the Supply Chain Management Regulations were identified on the following categories:

Non Compliance per financial category

- Less than R 30 000	154 778	3 388 942
- Between R 30 000 and R 200 000	3 802 106	2 479 924
- More than R 200 000	1 980 688	-
	5 937 571	5 868 866

40.8 Other non-compliance [MFMA 125(2)(e)]

Section 32 (4) (a) of the MFMA states that the accounting officer must promptly inform the mayor, the MEC of local government in the province and the Auditor General in writing of any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality. The municipality did not inform the relevant parties as required by the section.

45 **CAPITAL COMMITMENTS**

Commitments in respect of capital expenditure:

Approved and contracted for:

Infrastructure - Channelling of river (ASLA)
WWTW Struisbaai & Sewerage Scheme
1 ML Reservoir (Napier)
1 ML Reservoir (Struisbaai)

Total

2011 R	2010 R
8 479 000	7 049 000
-	7 049 000
7 479 000	-
500 000	-
500 000	-
8 479 000	7 049 000
8 479 000	7 049 000
8 479 000	7 049 000

This expenditure will be financed from:

Government Grants

46 **FINANCIAL RISK MANAGEMENT**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	R	R
The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:		
0.5% (2010 - 0.5%) Increase in interest rates	145 946	313 577
0.5% (2010 - 0.5%) Decrease in interest rates	(145 946)	(313 577)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 19 and 20 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 19 for balances included in receivables that were re-negotiated for the period under review.

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 19 and 20 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2011	2011	2010	2010
	%	R	%	R
Rates	19.87%	1 080 472	20.76%	1 356 712
Other	80.13%	4 356 258	79.24%	5 178 660
	<u>100.00%</u>	<u>5 436 730</u>	<u>100.00%</u>	<u>6 535 371</u>

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

Financial assets exposed to credit risk at year end are as follows

Long term receivables	419 116	457 035
Receivables from exchange transactions	8 161 881	5 344 621
Receivables from non-exchange transactions	5 764	5 830
Cash and Cash Equivalents	33 382 975	67 708 209
Unpaid conditional grants and subsidies	3 336 380	1 786 213
	<u>45 306 116</u>	<u>75 301 908</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2011				
Long Term liabilities - Annuity Loans	327 250	954 829	238 138	-
Capital repayments	182 029	604 912	213 751	-
Interest	145 222	349 917	24 387	-
Long Term liabilities - Finance Leases	311 920	23 366	-	-
Capital repayments	292 908	22 977	-	-
Interest	19 012	388	-	-
Provisions - Landfill Sites	282 920	-	-	28 399 892
Capital repayments	282 920	-	-	2 581 485
Interest	-	-	-	25 818 407
Payables from exchange transactions	6 543 140	-	-	-
Unspent conditional government grants and receipts	1 768 346	-	-	-
	<u>9 233 576</u>	<u>978 195</u>	<u>238 138</u>	<u>28 399 892</u>
2010				
Long Term liabilities - Annuity Loans	585 774	1 042 587	476 871	-
Capital repayments	390 235	601 454	399 280	-
Interest	195 539	441 132	77 591	-
Long Term liabilities - Finance Leases	668 617	335 285	-	-
Capital repayments	588 900	315 885	-	-
Interest	79 717	19 400	-	-
Provisions - Landfill Sites	265 841	-	-	28 019 715
Capital repayments	265 841	-	-	2 425 646
Interest	-	-	-	25 594 070
Payables from exchange transactions	7 509 206	-	-	-
Unspent conditional government grants and receipts	11 160 799	-	-	-
Unspent Public Contributions	5 000	-	-	-
	<u>20 195 236</u>	<u>1 377 872</u>	<u>476 871</u>	<u>28 019 715</u>

47

FINANCIAL INSTRUMENTS

In accordance with the principles of GRAP 104 the financial instruments of the municipality are classified as follows:

47.1	<u>Financial Assets</u>	<u>Classification</u>		
	Long-term Receivables			
	Loans to organisations - at amortised cost	At amortised cost	28 822	34 202
	Individual housing loans	At amortised cost	390 293	422 833
	Consumer and other Debtors			
	Receivables from exchange transactions	At amortised cost	8 161 881	5 344 621
	Receivables from non-exchange transactions	At amortised cost	5 764	5 830
	Other Debtors			
	Unpaid government grants	At amortised cost	3 336 380	1 786 213

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Current Portion of Long-term Receivables

Loans to organisations - at amortised cost	At amortised cost	5 652	5 380
--	-------------------	-------	-------

Bank Balances and Cash

Bank Balances	At amortised cost	33 370 275	67 702 707
Cash Floats and Advances	At amortised cost	12 700	5 502
		45 311 768	75 307 288

SUMMARY OF FINANCIAL ASSETS

At amortised cost	45 311 768	75 307 288
-------------------	-------------------	-------------------

41 FINANCIAL INSTRUMENTS (CONTINUE)

**2011
R**

**2010
R**

47.2 Financial Liability

Classification

Non-Current Liabilities

Annuity Loans	At amortised cost	818 663	1 000 734
Capitalised Lease Liability	At amortised cost	22 977	315 885
Non-Current Provisions - Landfill Sites	At amortised cost	2 581 485	2 425 646

Current Provisions

Current Provisions - Landfill Sites	At amortised cost	282 920	265 841
-------------------------------------	-------------------	---------	---------

Payables from exchange transactions

Trade creditors	At amortised cost	4 231 367	5 314 309
Retentions	At amortised cost	1 586 448	952 711
Other Creditors	At amortised cost	66 549	198 607
Deposits	At amortised cost	658 776	1 043 579

Unspent Conditional Grants, Receipts and other contributions

Other Spheres of Government	At amortised cost	1 768 346	11 160 799
Public Contributions	At amortised cost	-	5 000

Current Portion of Long-term Liabilities

Annuity Loans	At amortised cost	182 029	390 235
Capitalised Lease Liability	At amortised cost	292 908	588 900

12 492 467

23 662 244

SUMMARY OF FINANCIAL LIABILITY

At amortised cost	12 492 467	23 662 244
-------------------	-------------------	-------------------

48 EVENTS AFTER THE REPORTING DATE

No events occurred after reporting date that would have an impact on the financial year ended 30 June 2011.

49 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

50 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

51

CONTINGENT LIABILITY

Council do have the following contingent liabilities at the end of the financial year 2010/11

The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:

- 51.01** The Council and DA Civics CC is still in the mediation-/arbitration process flowing from a claim of R3 210 179 (Vat Excl.) that was lodged by the Contractor against the Council due to solid rock digging in accordance with contract DCR 0041. The Contractor also claim interest from September 2004. The total approved amount was R1 064 239 (Vat excl.) from which R825 652 already paid to the Contractor.
Council apposes the claim and due to potential legal cost implication, the mediation-/arbitration process is followed in an attempt to settle the claim outside the court. The matter is currently in mediation.
- 51.02** The Council is sued as second respondent in case nr. 1926/08 between Arniston Rate Payers Association and Verreweide Property Development Co. (first respondent) about the development of erf 599, Waenhuiskrans. There is a possibility of future financial implications for the Council.
- 51.03** The Council was summonsed by the Court on behalf of TMT, who rendered certain traffic services on behalf of the Council. The amount of the summons is R184 000. Council apposed the matter.
- 51.04** A guarantee was issued by Council to the Department of Mineral and Energy for rehabilitation of ground works with the construction of the Sanddrift Dam. This guarantee has not been raised by the said department.
- 51.05** A claim was lodged against the council by Spronk and Associates Incorporated for town planning performed on behalf of the municipality. The council opposes the appointment of the consultant due to inappropriate procedures followed during the procurement process. The amount of the claim is R 1 061 099.29

52

RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

52.1 Related Party Transactions

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

52.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted

52.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 28 to the Annual Financial Statements.

52.4 Other related party transactions

		2011	2010
		R	R
The following purchases were made during the year where Councillors or Management have an interest:			
<u>Councillor/Employee</u>	<u>Entity</u>		
R Mitchell	L&M Construction (Brother of R Mitchell)	60 874	771 700
H Spandiel	Cape Agulhas Communications (Parent of H Spandiel)	77 745	-
M Smal	Microzone Trading (Spouse of M Smal)	411 157	430 340
M Smal	EG Lakey T/A Lakey Bouers	36 480	-
H de Jager	A Carelse (Spouse of H de Jager)	93 160	-
R Mitchell	LC Mitchell (Brother of R Mitchell)	24 000	-
C Marthinus	T Marthinus T/A Ikhula Enterprises (Spouse of C Marthinus)	19 000	-
S Daniels	Lou-Da Civics (Parent of S Daniel)	64 334	-
H de Jager	EE De Jager (Brother of H De Jager)	57 167	-
H de Jager	Southpoint Civil Contractors (Spouse of H de Jager)	-	443 972
H Damons	S Kroukamp (Parent of H Damons)	36 000	36 000
M Walbrugh	M Walbrugh (Spouse of M Walbrugh)	-	19 510
C Leonard	M Hopley (Parent of C Leonard)	-	4 500
U Hopley	M Hopley (Parent of U Hopley)	-	4 500
H de Jager	L C Construction (Child of H de Jager)	-	45 742
		<u>879 917</u>	<u>1 756 263</u>

CAPE AGULHAS MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The following short term rental agreements for tuck shops in the holiday resorts were entered into with the following related parties:

R Mitchell	LC Mitchell (Brother of R Mitchell)	R140 p/day	R140 p/day
D Jantjies	Heinrich & Deidre Jantjies (Children of Councillor Jantjies)	-	R2000 p/year
D Jantjies	Heinrich & Deidre Jantjies (Children of Councillor Jantjies)	R500 p/year	R500 p/year

UBUNTU MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

13 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2011

Reconciliation of Carrying Value

	Opening Balance	Cost		Closing Balance	Accumulated Depreciation and Impairment Losses			Carrying Value
	R	Additions	Disposals	R	Opening Balance	Additions	Disposals	R
		R	R		R	R	R	
Land and Buildings	72 282 917	1 076 335	-	73 359 252	9 849 958	185 237	-	10 035 195
Land	49 769 200	-	-	49 769 200	-	-	-	49 769 200
Buildings	22 513 717	1 076 335	-	23 590 052	9 849 958	185 237	-	13 554 857
Infrastructure	121 717 370	21 625 678	-	143 343 048	25 746 221	2 994 177	-	114 602 650
Roads and Storm water	35 682 382	13 047 351	-	48 729 733	4 538 446	918 258	-	43 273 029
Electricity Network	29 564 926	2 981 175	-	32 546 100	5 961 638	638 964	-	25 945 498
Sewerage Network	22 932 911	2 398 583	-	25 331 495	3 133 089	716 639	-	21 481 767
Water Network	31 593 968	3 110 076	-	34 704 044	11 132 019	660 931	-	22 911 095
Refuse Removal	1 943 182	88 494	-	2 031 676	981 030	59 384	-	991 261
Community Assets	6 543 790	154 181	-	6 697 972	396 834	169 349	-	6 131 789
Recreation Grounds	1 992 037	128 852	-	2 120 890	225 751	87 965	-	1 807 173
Community Halls	2 898 625	25 329	-	2 923 954	56 701	30 978	-	2 836 275
Libraries	770 469	-	-	770 469	8 450	21 856	-	740 163
Parks & Gardens	365 119	-	-	365 119	54 436	12 171	-	298 513
Clinics	97 995	-	-	97 995	6 865	980	-	90 150
Sports facilities	419 545	-	-	419 545	44 631	15 400	-	359 515
Lease Assets	3 643 853	-	(20 810)	3 623 043	1 549 060	300 931	(20 810)	1 793 862
Leased Assets - Vehicles	2 648 712	-	-	2 648 712	732 277	191 087	-	1 725 348
Leased Assets - Office Machines	995 141	-	(20 810)	974 331	816 784	109 843	(20 810)	68 514
Other Assets	24 521 234	4 001 358	(967 716)	27 554 876	4 931 608	1 282 305	(380 387)	21 721 349
Vehicles	5 838 651	2 475 777	(325 371)	7 989 058	1 277 440	350 045	(126 935)	6 488 509
Tools & Equipment	2 886 718	349 151	(171 094)	3 064 776	807 585	193 645	(81 915)	2 145 461
Furniture	828 331	203 114	(17 822)	1 013 623	102 370	33 803	(2 719)	880 169
Special Vehicles	3 114 308	-	(133 610)	2 980 698	487 195	58 641	(38 072)	2 472 935
Tables	857 388	89 524	(45 985)	900 926	111 496	30 112	(8 401)	767 720
Chairs	463 785	82 283	(36 903)	509 165	114 783	33 208	(10 038)	371 212
Office Equipment	1 250 900	461 858	(36 742)	1 676 016	356 878	123 694	(8 551)	1 203 995
Computer Hardware	1 686 216	315 181	(182 788)	1 818 609	635 745	177 390	(94 453)	1 099 926
Civic Land and Buildings	3 713 327	-	-	3 713 327	201 391	45 288	-	3 466 647
Other	3 881 610	24 470	(17 402)	3 888 678	836 724	236 479	(9 302)	2 824 777
	228 709 164	26 857 552	(988 526)	254 578 191	42 473 682	4 931 999	(401 197)	207 573 707

UBUNTU MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

30 JUNE 2010

Reconciliation of Carrying Value

	Cost				Accumulated Depreciation and Impairment Losses				Carrying Value
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	R
Land and Buildings	71 962 917	320 000	-	72 282 917	9 664 720	185 237	-	9 849 958	62 432 959
Land	49 449 200	320 000	-	49 769 200	-	-	-	-	39 919 242
Balance previously reported	39 094 200	320 000	-	39 414 200	-	-	-	-	29 564 242
Correction of error - Refer to note 36.07	10 355 000	-	-	10 355 000	-	-	-	-	10 355 000
Buildings	22 513 717	-	-	22 513 717	9 664 720	185 237	-	9 849 958	12 663 759
Infrastructure	105 705 472	16 011 897	-	121 717 370	23 229 033	2 517 189	-	25 746 221	95 971 148
Roads and Storm water	25 456 726	10 225 656	-	35 682 382	3 920 607	617 838	-	4 538 446	31 143 936
Balance previously reported	25 456 726	10 225 656	-	35 682 382	2 431 484	1 284 814	-	3 716 298	31 966 084
Correction of error - Refer to note 36.07	-	-	-	-	1 489 123	(666 976)	-	822 147	(822 147)
Electricity Network	26 695 959	2 868 967	-	29 564 926	5 416 699	544 940	-	5 961 638	23 603 287
Balance previously reported	26 696 310	2 868 967	-	29 565 277	7 010 793	893 398	-	7 904 191	21 661 085
Correction of error - Refer to note 36.07	(351)	-	-	(351)	(1 594 095)	(348 459)	-	(1 942 553)	1 942 202
Sewerage Network	22 531 049	401 863	-	22 932 911	2 432 740	700 349	-	3 133 089	19 799 823
Balance previously reported	22 531 049	401 863	-	22 932 911	3 179 874	748 585	-	3 928 459	19 004 452
Correction of error - Refer to note 36.07	-	-	-	-	(747 135)	(48 236)	-	(795 370)	795 370
Water Network	29 078 557	2 515 412	-	31 593 968	10 537 317	594 702	-	11 132 019	20 461 950
Balance previously reported	29 257 484	2 515 412	-	31 772 896	9 009 425	988 426	-	9 997 851	21 775 045
Correction of error - Refer to note 36.07	(178 927)	-	-	(178 927)	1 527 892	(393 724)	-	1 134 168	(1 313 095)
Refuse Removal	1 943 182	-	-	1 943 182	921 670	59 360	-	981 030	962 152
Balance previously reported	1 943 182	-	-	1 943 182	329 815	96 536	-	426 352	1 516 830
Correction of error - Refer to note 36.07	-	-	-	-	591 855	(37 176)	-	554 678	(554 678)
Community Assets	4 275 037	2 268 753	-	6 543 790	306 895	89 939	-	396 834	6 146 956
Recreation Grounds	1 454 158	537 879	-	1 992 037	185 580	40 171	-	225 751	1 766 286
Balance previously reported	1 275 231	537 879	-	1 813 110	161 707	34 207	-	195 914	1 617 196
Correction of error - Refer to note 36.07	178 927	-	-	178 927	23 873	5 964	-	29 838	149 090
Community Halls	1 875 062	1 023 563	-	2 898 625	35 505	21 196	-	56 701	2 841 924
Libraries	120 000	650 469	-	770 469	7 207	1 243	-	8 450	762 019
Parks & Gardens	347 751	17 368	-	365 119	42 681	11 755	-	54 436	310 684
Clinics	97 995	-	-	97 995	5 885	980	-	6 865	91 130
Sports facilities	380 071	39 474	-	419 545	30 037	14 594	-	44 631	374 914
Lease Assets	3 643 853	-	-	3 643 853	1 232 577	316 484	-	1 549 060	2 094 793
Leased Assets - Vehicles	2 648 712	-	-	2 648 712	540 594	191 682	-	732 277	1 916 435
Balance previously reported	2 625 293	-	-	2 625 293	535 911	186 999	-	722 909	1 902 384
Correction of error - Refer to note 36.07	23 419	-	-	23 419	4 684	4 684	-	9 368	14 052
Leased Assets - Office Machines	995 141	-	-	995 141	691 982	124 801	-	816 784	178 357

UBUNTU MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Other Assets	20 938 987	4 187 503	(605 256)	24 521 234	4 209 749	1 028 360	(306 501)	4 931 608	19 589 626
Vehicles	3 477 810	2 360 841	-	5 838 651	1 076 783	200 657	-	1 277 440	4 561 211
Balance previously reported	3 454 391	2 360 841	-	5 815 232	1 073 659	199 096	-	1 272 756	4 542 476
Correction of error - Refer to note 36.07	23 419	-	-	23 419	3 123	1 561	-	4 684	18 735
Tools & Equipment	2 573 759	598 783	(285 824)	2 886 718	782 803	174 574	(149 792)	807 585	2 079 133
Balance previously reported	2 533 349	598 783	(285 824)	2 846 308	780 129	171 931	(149 792)	802 268	2 044 040
Correction of error - Refer to note 36.07	40 410	-	-	40 410	2 673	2 643	-	5 317	35 094
Furniture	766 182	64 603	(2 454)	828 331	76 698	25 905	(233)	102 370	725 961
Balance previously reported	706 825	64 603	(2 454)	768 974	74 719	23 927	(233)	98 413	670 561
Correction of error - Refer to note 36.07	59 357	-	-	59 357	1 979	1 979	-	3 957	55 400
Special Vehicles	3 114 308	-	-	3 114 308	427 991	59 203	-	487 195	2 627 114
Tables	849 207	17 731	(9 551)	857 388	83 750	28 647	(901)	111 496	745 891
Balance previously reported	792 799	17 731	(9 551)	800 980	81 870	26 767	(901)	107 736	693 244
Correction of error - Refer to note 36.07	56 408	-	-	56 408	1 880	1 880	-	3 760	52 648
Chairs	442 393	30 286	(8 894)	463 785	88 170	29 397	(2 784)	114 783	349 002
Balance previously reported	412 369	30 286	(8 894)	433 760	86 169	27 396	(2 784)	110 780	322 980
Correction of error - Refer to note 36.07	30 025	-	-	30 025	2 002	2 002	-	4 003	26 021
Office Equipment	1 017 448	270 854	(37 402)	1 250 900	287 047	87 972	(18 141)	356 878	894 022
Balance previously reported	862 569	270 854	(37 402)	1 096 020	273 572	72 707	(18 141)	328 138	767 883
Correction of error - Refer to note 36.07	154 880	-	-	154 880	13 475	15 266	-	28 740	126 139
Computer Hardware	1 726 813	218 152	(258 749)	1 686 216	590 599	179 171	(134 025)	635 745	1 050 471
Balance previously reported	1 688 345	218 152	(258 749)	1 647 747	586 752	175 324	(134 025)	628 052	1 019 696
Correction of error - Refer to note 36.07	38 469	-	-	38 469	3 847	3 847	-	7 694	30 775
Civic Land and Buildings	3 566 961	146 366	-	3 713 327	165 535	35 856	-	201 391	3 511 936
Other	3 404 105	479 888	(2 383)	3 881 610	630 373	206 975	(625)	836 724	3 044 886
Balance previously reported	3 354 448	479 888	(2 383)	3 831 952	627 119	203 721	(625)	830 216	3 001 736
Correction of error - Refer to note 36.07	49 657	-	-	49 657	3 254	3 254	-	6 508	43 149
	206 526 267	22 788 154	(605 256)	228 709 164	38 642 974	4 137 209	(306 501)	42 473 682	186 235 483

13 PROPERTY, PLANT AND EQUIPMENT

GRAP 17 - Property, Plant and Equipment

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008, in the previous financial year. The municipality did not measure all the Property, Plant and Equipment in accordance with the standard, including the following:

Land;

Property, Plant and Equipment financed by way of finance leases

Property, Plant and Equipment financed by way of provisions

Property, Plant and Equipment transferred as a result of the transfer of functions; and

Componentised infrastructure assets.

Since the previous reporting date the following Property, Plant and Equipment were measured in accordance with GRAP 17 and restated retrospectively

**2010
R**

Property, Plant and Equipment

10 830 693

Accumulated depreciation on Property, Plant and Equipment

123 060

10 953 753

APPENDIX A - Unaudited
CAPE AGULHAS LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2010	Redeemed written off during the period	Balance at 30 JUNE 2011
ANNUITY LOANS						
DBSA	16.65%	B34	30/06/2011	71 656	71 656	-
ODM (DBSA)	15.80%	S39	31/12/2010	1 109	1 109	-
DBSA	15.00%	B48	30/06/2017	1 012 308	89 958	922 349
DBSA	17.05%	B54	30/06/2012	145 043	66 701	78 342
DBSA	17.13%	B55	31/12/2010	112 085	112 085	-
DBSA	16.65%	B56	30/06/2011	48 768	48 768	-
Total Annuity Loans				1 390 969	390 278	1 000 691
LEASE LIABILITY						
Office Equipment				187 187	117 472	69 715
Vehicles				717 598	471 428	246 170
Total Lease Liabilities				904 785	588 900	315 885
TOTAL EXTERNAL LOANS				2 295 754	979 178	1 316 576

APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2011

	Cost/Revaluation								Accumulated Depreciation				Carrying Value
	Opening Balance	Residual Value Opening Balance	Additions	Residual Value Additions	Under Construction	Disposals	Residual Value Disposals	Closing Balance	Opening Balance	Additions	Disposals income	Closing Balance	
Land and Buildings													
Land	49 769 200	-	-	-	-	-	-	49 769 200	-	-	-	-	49 769 200
Buildings	22 513 717	-	-	-	-	-	-	22 513 717	9 849 958	185 237	-	10 035 195	12 478 522
	72 282 917	-	-	-	-	-	-	72 282 917	9 849 958	185 237	-	10 035 195	62 247 722
Infrastructure													
Roads and Storm water	35 682 382	-	11 453 719	-	1 593 632	-	-	48 729 733	4 538 446	918 258	-	5 456 704	43 273 029
Electricity Network	29 614 926	-	2 885 715	-	95 460	-	-	32 596 100	5 961 638	638 964	-	6 600 602	25 995 498
Sewerage Network	22 882 911	-	2 398 583	-	-	-	-	25 281 495	3 133 089	716 639	-	3 849 728	21 431 767
Water Network	31 593 968	-	3 110 076	-	-	-	-	34 704 044	11 132 019	660 931	-	11 792 950	22 911 095
Refuse Removal	1 943 182	-	88 494	-	-	-	-	2 031 676	981 030	59 384	-	1 040 414	991 261
	121 717 370	-	19 936 586	-	1 689 092	-	-	143 343 048	25 746 221	2 994 177	-	28 740 398	114 602 650
Community Assets													
Recreation Grounds	1 992 037	-	564 351	-	-	-	-	2 556 388	225 751	87 965	-	313 716	2 242 672
Community Halls	2 898 625	-	25 329	-	-	-	-	2 923 954	56 701	30 978	-	87 679	2 836 275
Libraries	770 469	-	267 575	-	-	-	-	1 038 044	8 450	21 856	-	30 306	1 007 738
Parks & Gardens	365 119	-	-	-	-	-	-	365 119	54 436	12 171	-	66 606	298 513
Clinics	97 995	-	-	-	-	-	-	97 995	6 865	980	-	7 845	90 150
Sports facilities	419 545	-	-	-	-	-	-	419 545	44 631	15 400	-	60 030	359 515
	6 543 790	-	857 255	-	-	-	-	7 401 045	396 834	169 349	-	566 183	6 834 862
Leased Assets													
Leased Assets - Vehicles	1 012 912	1 635 800	-	-	-	-	-	2 648 712	732 277	191 087	-	923 364	1 725 348
Leased Assets - Office Machines	995 141	-	-	-	-	20 810	-	974 331	816 784	109 843	20 810	905 817	68 514
	2 008 053	1 635 800	-	-	-	20 810	-	3 623 043	1 549 060	300 931	20 810	1 829 181	1 793 862
Other Assets													
Vehicles	3 716 216	2 116 005	2 109 747	366 030	-	152 621	172 750	7 982 628	1 277 440	350 045	126 935	1 500 549	6 482 079
Tools & Equipment	2 893 148	-	350 051	-	-	171 094	-	3 072 105	807 585	193 645	81 915	919 315	2 152 791
Furniture	828 331	-	203 114	-	-	17 822	-	1 013 623	102 370	33 803	2 719	133 454	880 169
Special Vehicles	1 306 688	1 807 620	-	-	-	49 610	84 000	2 980 698	487 195	58 641	38 072	507 763	2 472 935
Tables	857 388	-	89 524	-	-	45 985	-	900 926	111 496	30 112	8 401	133 207	767 720
Chairs	463 785	-	82 283	-	-	36 903	-	509 165	114 783	33 208	10 038	137 953	371 212
Office Equipment	1 250 900	-	461 858	-	-	36 742	-	1 676 016	356 878	123 694	8 551	472 022	1 203 995
Computer Hardware	1 686 216	-	315 181	-	-	182 788	-	1 818 609	635 745	177 390	94 453	718 683	1 099 926
Civic Land and Buildings	3 713 327	-	328 771	-	-	-	-	4 042 098	201 391	45 288	-	246 680	3 795 418
Other	3 881 610	-	68 062	-	-	17 402	-	3 932 269	836 724	236 479	9 302	1 063 901	2 868 368
	20 597 609	3 923 625	4 008 590	366 030	-	710 966	256 750	27 928 138	4 931 608	1 282 305	380 387	5 833 526	22 094 612
Investment Properties													
Investment Properties	35 870 800	-	-	-	-	-	-	35 870 800	48 717	1 610	-	50 327	35 820 473
	35 870 800	-	-	-	-	-	-	35 870 800	48 717	1 610	-	50 327	35 820 473
Total	259 020 539	5 559 425	24 802 431	366 030	1 689 092	731 776	256 750	290 448 991	42 522 399	4 933 609	401 197	47 054 811	243 394 180

APPENDIX C - Unaudited
CAPE AGULHAS LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost								Accumulated Depreciation				Carrying Value
	Opening Balance	Residual Value Opening Bal	Additions	Residual Value Additions	Under Construction	Disposals	Residual Value Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Executive and Council	804 002	-	83 146	-	-	2 851	-	884 298	218 737	53 726	350	272 113	612 185
Budget and Treasury Office	2 222 449	47 500	376 359	-	-	137 796	-	2 508 512	579 017	189 207	60 735	707 489	1 801 023
Corporate Services	113 328 616	-	1 357 355	49 594	-	55 567	-	114 679 997	10 741 614	376 839	16 989	11 101 464	103 578 533
Community and Social Services	2 524 767	51 200	31 172	-	-	85 936	10 700	2 510 503	574 862	174 029	50 541	698 350	1 812 153
Public Safety	683 919	226 900	428 100	108 138	-	23 670	-	1 423 386	302 315	82 457	7 744	377 028	1 046 358
Road Transport	39 675 306	1 582 040	11 504 289	-	1 593 632	86 568	60 700	54 207 998	5 583 383	1 106 648	46 418	6 643 613	47 564 385
Environmental Protection	14 387	-	-	-	-	-	-	14 387	9 953	1 278	-	11 231	3 156
Sport and Recreation	4 097 088	612 210	702 282	-	-	89 441	-	5 322 139	860 151	282 197	36 920	1 105 428	4 216 711
Waste Water Management	24 744 702	695 660	3 031 383	48 145	-	2 744	-	28 517 146	3 675 376	841 399	1 020	4 515 755	24 001 391
Waste Management	2 977 111	653 550	233 039	-	-	65 100	48 100	3 750 500	1 234 274	143 344	55 374	1 322 244	2 428 256
Electricity	33 463 127	1 026 665	3 345 466	35 931	95 460	65 923	65 250	37 835 477	6 633 168	811 937	50 275	7 394 831	30 440 646
Water	33 808 403	663 700	3 709 840	124 222	-	54 208	72 000	38 179 957	11 816 280	827 035	32 859	12 610 456	25 569 501
Other	676 661	-	-	-	-	61 971	-	614 690	293 269	43 511	41 971	294 809	319 881
TOTAL	259 020 539	5 559 425	24 802 431	366 030	1 689 092	731 776	256 750	290 448 991	42 522 399	4 933 609	401 197	47 054 811	243 394 180

APPENDIX D - Unaudited
CAPE AGULHAS LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
42 365 271	(37 894 453)	4 470 818	Executive and Council	35 340 568	(32 687 304)	2 653 264
38 312 437	(20 007 263)	18 305 174	Budget and Treasury Office	34 407 285	(20 282 155)	14 125 129
4 677 883	(8 614 936)	(3 937 053)	Corporate Services	5 320 328	(5 786 392)	(466 064)
3 697 470	(9 786 928)	(6 089 457)	Community and Social Services	3 222 221	(10 954 579)	(7 732 358)
3 835 174	(8 156 903)	(4 321 728)	Sport and Recreation	4 130 608	(8 125 397)	(3 994 789)
2 336 355	(3 985 236)	(1 648 881)	Public Safety	2 735 737	(5 123 480)	(2 387 743)
57 623	(9 581 356)	(9 523 733)	Road Transport	8 225 209	(18 469 970)	(10 244 762)
43 750 330	(35 449 182)	8 301 148	Electricity	50 701 692	(47 356 325)	3 345 368
12 742 313	(9 744 860)	2 997 453	Water	13 530 966	(10 825 962)	2 705 004
4 481 876	(5 007 917)	(526 042)	Waste Water Management	4 964 393	(6 282 804)	(1 318 411)
7 402 327	(6 661 791)	740 536	Waste Management	8 373 940	(7 953 788)	420 153
3 316	(403 567)	(400 251)	Environmental Protection	114	(487 333)	(487 219)
1 278 160	(1 422 222)	(144 062)	Other	1 630 005	(1 551 050)	78 955
164 940 535	(156 716 614)	8 223 921	Sub Total	172 583 065	(175 886 540)	(3 303 475)
(17 388 285)	(17 388 285)	-	Less Inter-Departmental Charges	(16 261 894)	(16 261 894)	-
147 552 250	(174 104 899)	8 223 921	Total	156 321 171	(192 148 434)	(3 303 475)

APPENDIX E(1) - Unaudited
CAPE AGULHAS LOCAL MUNICIPALITY
REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011
GENERAL FINANCE STATISTIC CLASSIFICATIONS

	2011 Actual (R)	2011 Budget (R)	2011 Variance (R)	2011 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property Rates	28 469 515	29 186 145	(716 630)	(2%)	
Government Grants and Subsidies - Capital					Mobility grant expenditure not budgeted for under
	7 965 368	6 446 653	1 518 715	24%	capital projects
Government Grants and Subsidies - Operating	34 769 870	36 055 782	(1 285 912)	(4%)	Refer government grants and subsidies - capital
Public Contributions and Donations	55 000	-	55 000	0%	
Fines	655 611	2 078 000	(1 422 389)	(68%)	Insufficient issuing and collection of fines
Service Charges	70 935 693	71 628 228	(692 535)	(1%)	
Rental of Facilities and Equipment	4 618 119	4 970 000	(351 881)	(7%)	
Interest Earned - external investments	3 289 750	4 200 000	(910 250)	(22%)	Decrease in cash.
Interest Earned - outstanding debtors	449 964	650 000	(200 036)	(31%)	
Licences and Permits	1 153 899	958 000	195 899	20%	
Agency Services	1 029 039	1 166 000	(136 961)	(12%)	
Other Income	2 206 055	1 771 046	435 009	25%	Increase in new electricity connections
Reversal of provision for bad debts	723 288	-	723 288	0%	Budgeted for as an expense
Total Revenue	156 321 171	159 109 854	(2 788 683)	(2%)	
EXPENDITURE					
Executive and Council	(32 687 304)	(33 255 270)	567 966	(2%)	
Budget and Treasury Office	(20 282 155)	(17 887 487)	(2 394 668)	13%	Actuarial loss of R 2.6 m not budgeted for.
Corporate Services	(5 786 392)	(6 302 389)	515 997	(8%)	
Community and Social Services	(10 954 579)	(11 630 915)	676 336	(6%)	
Public Safety	(5 123 480)	(5 260 152)	136 672	(3%)	
Road Transport	(18 469 970)	(16 682 584)	(1 787 386)	11%	
Electricity	(47 356 325)	(48 543 945)	1 187 620	(2%)	
Water	(10 825 962)	(12 632 495)	1 806 533	(14%)	General savings in department
Waste Water Management	(6 282 804)	(6 301 845)	19 041	(0%)	
Waste Management	(7 953 788)	(8 234 418)	280 630	(3%)	
Environmental Protection	(487 333)	(600 503)	113 170	(19%)	General savings in department
Other	(1 551 050)	(1 667 943)	116 893	(7%)	
Less Inter-Departmental Charges	16 261 894	16 261 894			
Total Expenditure	(159 624 646)	(161 336 893)	1 712 247	(1%)	
SURPLUS / (DEFICIT) FOR THE YEAR	(3 303 475)	(2 227 039)	(1 076 436)		

APPENDIX E (2) - Unaudited
CAPE AGULHAS LOCAL MUNICIPALITY
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS
GENERAL FINANCE STATISTIC CLASSIFICATIONS

	2011 Actual	2011 Budget	2011 Variance	2011 Variance	Explanation of Significant Variances greater than 10% versus Budget
	R	R	R	%	
Executive and Council	86 896	3 199 400	(3 112 504)	(97%)	Professional fees relating to the new office buildings transferred to operating.
Budget and Treasury Office	438 714	301 500	137 214	46%	Assets acquired through MSIG not budgeted for.
Corporate Services	1 409 449	942 500	466 949	50%	
Community and Social Services	36 172	523 500	(487 328)	(93%)	
Sport and Recreation	702 282	1 293 800	(591 518)	(46%)	Sportsfield irrigation (R 400 000) capitalised under water infrastructure.
Public Safety	536 238	830 000	(293 762)	(35%)	Fencing and road crossing project not implemented in current year.
Road Transport	13 097 920	13 601 653	(503 733)	(4%)	
Electricity	3 479 748	3 527 300	(47 552)	(1%)	
Water	3 836 562	3 700 000	136 562	4%	
Waste Water Management	3 079 528	3 170 000	(90 472)	(3%)	
Waste Management	233 039	320 000	(86 961)	(27%)	
Total	26 936 548	31 409 653	(4 473 105)	(14%)	

APPENDIX F - Unaudited
CAPE AGULHAS LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2010	Correction of error	Balance 1 JULY 2010	Grants Received	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2011
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	R	R	R	R	R	R	R
<u>National Government Grants</u>							
Equitable Share	-	-	-	13 494 036	13 494 036	-	-
Local Government Financial Management Grant	1 151 058	-	1 151 058	1 250 000	1 944 042	23 160	433 856
Municipal Systems Improvement Grant	-	-	-	750 000	577 289	141 316	31 395
Municipal Infrastructure Grant	6 446 654	-	6 446 654	-	-	6 746 506	(299 852)
Skills Development Fund	-	-	-	128 775	128 775	-	-
Total National Government Grants	7 597 712	-	7 597 712	15 622 811	16 144 142	6 910 981	165 400
<u>Provincial Government Grants</u>							
Library Services	-	-	-	345 000	345 000	-	-
Proclaimed Road Subsidy	-	-	-	5 163 044	8 199 573	-	(3 036 529)
CDW	68 749	-	68 749	50 000	82 584	17 560	18 606
Department Housing and Consumer Programme	15 018	-	15 018	-	13 613	-	1 405
Feeding Scheme	199 969	-	199 969	424 200	615 769	8 400	-
Masibambane Programme	361 897	-	361 897	-	294 120	-	67 777
RDP Housing Zwelitsha	678 936	-	678 936	-	-	-	678 936
RDP Housing Phase 4	251 011	-	251 011	-	-	-	251 011
Water Master Planning	19 435	-	19 435	-	19 435	-	-
Napier Housing	1 762 000	-	1 762 000	99 600	1 861 600	-	-
Napier RDP Houses Electricity	(1 786 213)	-	(1 786 213)	2 000 000	-	-	213 787
Mobile Strategy Grant	-	-	-	1 100 000	-	1 028 428	71 572
Bredasdorp Area D HOP	-	-	-	6 987 964	6 987 964	-	-
Meesterbeplanning - IMQS	4 162	-	4 162	-	4 162	-	-
Total Provincial Government Grants	1 574 964	-	1 574 964	16 169 808	18 423 819	1 054 387	(1 733 434)
<u>District Municipality Grants</u>							
Soccer 2010	201 910	-	201 910	-	201 910	-	-
Total District Municipality Grants	201 910	-	201 910	-	201 910	-	-
Total	9 374 586	-	9 374 586	31 792 619	34 769 870	7 965 368	(1 568 034)